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Separate paging is given to this Part in order that it may be filed as a separate compilation

PART III—SECTION 4

Miscellaneous Notifications including Notifications, Orders, Advertisements and Notices issued by Statutory Bodies

RESERVE BANK OF INDIA

Issue Department

NOTICE

Bombay, the 2nd June 1958

Portions of the following Note of the Bombay Office of Issue are stated to have been destroyed, and an application for payment of its value has been received from the person whose name is shown against the number. Any other person/party who consider(s) himself/themselves as having a right to it is/are warned to communicate at once with the undersigned.

Register No.—D. 6/58.

Note Number—B/4-254691, (Bearing King's Effigy).

Value—Rs. 100.

Name and address of the applicant—Shri Sidh Nath Shukla, 17/131, Ram Narain Bazar, Kanpur.

A. D. PRABHU

Currency Officer
Bombay

Relieved of his duties with effect from the afternoon of 31st May 1958.

M. D. BHATT

Chairman

LACCADIVE MINICOY AND AMINDIVI

ADMINISTRATION

NOTICE

It is hereby notified that the following articles of wreck washed ashore in Kavarathy Island and salved on 30th June 1957 are kept under the custody of the Administrator, Laccadive, Minicoy and Amindivi Islands, Kozhikode. Any person claiming the same, should notify the undersigned. If not claimed within three months from the date of this notification, the articles will be sold in public auction and the proceeds credited to the Government.

Two big drums containing Lubrication Grease and motor oil.

S. MONI

Administrator and Receiver of the wrecks,
Laccadive,
Minicoy and Amindivi Islands
Kozhikode

CENTRAL BOARD OF FILM CENSORS

NOTIFICATION

The 3rd June 1958

No. 6/1/56-Admn.—Shri N. L. Itkyal, Research Officer in the Central Board of Film Censors, Bombay, is re-

MINISTRY OF COMMERCE AND INDUSTRY

No. —The following annual accounts of the Cotton Textiles Fund Committee for the year ended 31st March, 1957 are published in the Gazette of India in accordance with Rule 18(4) of the Rules made by the Government of India under Cotton Textiles Fund Ordinance, 1954.

RECEIPTS	PAYMENTS
Opening balance to the credit of the Fund on 1-4-56 .. 2,17,91,917 1 5	Withdrawals from the Fund during the year .. 22,35,842 10 8*
Receipts during the year 1,27,370 6 7*	Balance on the Fund on 31-3-1957 .. 1,96,83,444 13 4
	2,10,19,287 8 0

NOTE.—The unspent balance out of Imprest of Rs. 15,000 was Rs. 12,279-10-6 (Rs. 12,219-10-0 plus Bombay P.C. 10-0-6† Ahmedabad permanent advance Rs. 50). The amount shown under receipts represents (i) unutilised balance of grant with Cotton Textiles Export Promotion Council as on 31st March 1956. This amount was not remitted into treasury in cash but was adjusted against payment of grant to the Council for the year 1956-57. The net withdrawal in cash from the Fund was only Rs. 21,08,472-4-1.

RECEIPTS	PAYMENTS
<i>Opening balance of cash on 1-4-1956—</i>	<i>Administration of the Committee—</i>
1. On hand 60 8 3	Establishment Charges .. 19,450 7 0
2. At Bank 11,021 12 9	Contingencies .. 4,479 4 9
	Leave salary and Pension contribution .. 1,184 2 0
	Travelling expenses .. 6,996 3 0
<i>Recoupment from the AAO (P.C. & I.), Bombay—</i>	<i>MEASURES TAKEN FOR THE PROMOTION OF TEXTILES EXPORTS</i>
(a) For expenses of the Committee (including Inspectorate) ..	1. Unutilised balance of grant on 31-3-56 with C.T.E.P.C. .. 1,27,370 6 7
	Quarterly payments .. 2,80,326 3 0
(b) For payment to the Cotton Textiles Export Promotion Council—	2. Expenses on the Inspectorate 4,16,696 9 7
Untutilised balance of grant on 31-3-56 with the E.P.C. adjusted against firstquarterly payment ..	1,29,509 11 0
Amount drawn from AAO (P.C. & I.), Bombay for payment to C.T.E.P.C.	
(c) For payment to Ahmedabad Textile Industry Research Association, Ahmedabad ..	1. Payment to Ahmedabad Textile Industry's Research Association, Ahmedabad .. 14,71,795 2 10
(d) For payment to South India Textile Research Association, Coimbatore ..	2. Payment to South India Textile Research Association, Coimbatore .. 1,73,141 10 0
(e) For payment to Bombay Textile Research Association, Bombay ..	3. Payment to Bombay Textile Research Association, Bombay .. 9,228 0 0
(f) For payment to Textile and Allied Industry's Research Organisation, Baroda ..	4. Payment to Textile and Allied Industry's Research Organisation, Baroda .. 2,500 0 0
<i>Woollen Inspection—</i>	<i>Woolen Inspection—</i>
Deposits by the State Trading Corporation for the charges incurred on woollen inspection ..	Expenses on inspection .. 1,818 5 0
Recovery of T.A. advance ..	T.A. advance (recoverable) .. 1,800 0 0
<i>Other Receipts as per Contra—</i>	<i>Other payments as per contrv—</i>
Income tax deductions .. 3,298 7 0	Income tax payments into treasury 3,298 7 0
G.P. Fund deductions .. 800 0 0	G.P.F. deduction .. 800 0 0
Provident Fund from Staff .. 2,750 12 0	Provident Fund from staff .. 2,750 0 0
Recovery of T.A. advance .. 4,825 0 0	T.A. advance (recoverable) .. 5,195 0 0
House rent deposits .. 2,810 14 0	House rent deposits .. 2,810 14 0
Recovery of T.A. .. 257 6 0	T.A. Recoverable .. 257 6 0
Recovery of Festival Advance .. 252 0 0	Festival advance to staff .. 259 0 0
	15,370 11 0
	<i>Closing balance of cash on 31-3-57—</i>
	1. On hand 207 9 6@
	2. At Bank 14,806 11 0*
	15,014 4 6
	22,69,019 6 8

BRANCH OFFICE OF THE DEPUTY ACCOUNTANT GENERAL (COMMERCE, STEEL AND MINES), BOMBAY

The annual accounts for 1956-57 of the Cotton Textiles Fund Committee have been examined with reference to the books and vouchers maintained by the Cotton Textiles Fund Committee and according to the best of the information available as a result of the test audit of these books and considerations of the explanations given, the accounts are hereby certified as correct subject to the observations made in the Audit Report.

*Balance of deposit for woollen inspection ..

2,586 11 0

Balance of Committee's imprest ..

12,220 0 0

Imprest .. 12,219 10 0
P.F. Balance .. 0 6 0

14,806 11 0

@Bombay, undisbursed D.A. .. 147 3 0
Bombay, Petty cash .. 10 0 0

Permanent advance for Ahmedabad Office .. 50 0 0

Provident Fund Account .. 0 6 0

207 9 6

BOMBAY;
19th December 1957

T.R. RAJAGOPALAN
Assistant Accounts Officer
Commerce, Steel and Mines, Bombay

I. B. DUTT
Secretary, Cotton Textiles Fund Committee

**LOCAL AUDIT REPORT ON THE ACCOUNTS OF
THE COTTON TEXTILES FUND COMMITTEE
FOR THE YEAR 1956-57**

The above audit was conducted by a local audit party of the office of the Deputy Accountant General, Commerce, Steel & Mines, Bombay Branch, Bombay. The following are the more important points noticed in audit:—

PART I

1. There was no evidence of the cash balance having been verified by physical count at any time during the year and not even on the last day of the year i.e. on 31st March 1957. As such the balance of Rs. 207/9/6 shown as cash balance on that date is only the book balance comprising of (i) Rs. 147/3/- out of amounts drawn from the Bank for the pay and allowances of the staff lying undisbursed;

(ii) Rs. 60/0/6: Out of the amounts drawn (as permanent advance) for meeting petty contingent expenses and

(iii) Rs. 0/6/0: Out of amounts recovered from the staff towards their contribution to the Provident Fund Accounts not yet remitted into the Post Office Savings Bank Account.

2. Budget—

(a) The original budget proposals sent to Government on 9th November 1955 were for Rs. 30,64,500/- and this was revised to Rs. 30,74,645/- on 16th November 1956. Later, on 25th January 1957 a further revision was made and the modified figures showed a total of only Rs. 27,15,922/-. Even this, however, proved to be excessive and the final actuals came to Rs. 2,105,151/- resulting in a huge saving as under:—

	Modified figures sent on	Actuals	Savings
Administration of the Committee	41,742	32,090	9,652
Measures taken for the promotion of textile research.	20,41,505	61,54,165	3,67,340
Measures taken for the promotion of Textile Exports.	6,32,675	4,18,896	2,13,779
	27,15,922	21,05,151	6,10,771

(b) There was no provision in the budget for the grant of advances (the grant of advance of travelling allowance on tour not affecting this point as it would be classified only as travelling allowance) but a sum of Rs. 259/- was paid out as advances for Festivals. Even though the payment had been made in September and December 1956, they have not provided for by reappropriation even up to the last day of the year.

Provisional Payments—

The figures of expenditure under the head "Measures taken for the promotion of textile research" include the following payments for the year 1956-57 which are provisional and yet to be finalised after receipt of the final audited accounts for the year 1956-57 from the institutions.

(i) Bombay Textile Research Association—Payment made towards 50 per cent of the non-recurring expenditure for the period 1-4-56 to 30-9-56 on Rs. 3,702-15-3	..	1,001	0	0
(ii) Southern India Textile Research Association—Payment for recurring expenditure for the period 1-4-56 to 30-9-56	..	2,387	0	0
Payment for the non-recurring expenditure for the period 1-4-56 to 30-9-56	..	1,70,754	10	0
		1,73,141	10	0
(iii) Ahmedabad Textile Industry Research Association—Payment for remaining expenditure for the period 1-4-56 to 30-9-56	..	1,22,193	14	5 t
Payment for non-recurring expenditure for the period 1-4-56 to 30-9-56	..	23,232	15	3*
		1,45,436	13	8

(*The amount was not paid in full but against a total of Rs. 12,70,102-2-9 on account of this figure and a figure of Rs. 12,46,869-3-6 for the period 1-4-54 to 31-3-56 a sum of Rs. 12,70,000 was sanctioned by Government and paid).

Overpayment to the Bombay Textile Research Association, Bombay.

4. On a point raised in the local audit report for the year 1954-55 the Government of India had ordered that the interest earned on investments and miscellaneous receipts should be set off against the expenditure and the net expenditure if any should be considered for arriving at the amount of grant-in-aid payable by the

Committee for the recurring expenditure. For 1954-55 a sum of Rs. 13,473/13/3 was recommended by the Committee and Rs. 13,474/- was allowed by the Govt. of India as under:—

Revenue expenditure as per income and expenditure account	..	19,962	15	3
Less—Miscellaneous Receipts	..	639	1	0
				10,923 14 3
Capital expenditure on furnitures and fixtures and office equipment as per Balance Sheet	..	7,623	12	3
		26,947	10	6
50 per cent thereof	..	13,473	13	3

It will be seen that the figure of Rs. 7,623/12/3 was on account of non-recurring expenditure and it is not clear how this was shown as Recurring Expenditure. This needs clarification.

At the time of making actual payment however this item of non-recurring expenditure was excluded by the audit office and a total amount of Rs. 7,224/- only was paid as grant-in-aid. It is, however, seen apart from the miscellaneous receipts for Rs. 639/1/- shown in the income and expenditure accounts there was a receipt to the extent of Rs. 24,001/5/6 on account of interest from investments shown in the Balance Sheets. Whatever be the manner of exhibition of this item in the accounts by the Association, the total recurring expenditure being less than the receipt from interest on investments, no amount was payable at all to them towards grant-in-aid for recurring expenditure and as such no payment should have been sanctioned. The circumstances in which the amounts were recommended to the Govt. and their sanction obtained may kindly be clarified.

Action may also be immediately taken for the recovery of the payments already made on this account to regularise the overpayment.

5. Overpayments to the Ahmedabad Textile Industry Research Association:—

The Association has made a profit of Rs. 13,050/- in the sale of some of its assets and it has been shown as an addition to their investments in the Balance Sheet for 1954-55 while sanctioning the payment of a grant-in-aid toward 50% of the non-recurring expenditure for the period 1st April 1954 to 30th September 1956 of a sum of Rs. 12,70,000/- (paid out by the Audit Officer of a March 1957) this had not been taken into account by the Committee. To a point raised by the audit office of this should not be set off against the expenditure on capital (non-recurring) items, the Committee in their letter No. CTF/FSS/833/2457/57, dated 17th August 1957 have stated that it should correctly be considered as a revenue receipt and should be ignored for the figures on non-recurring expenditure and that a similar item of receipt during 1956-57 has been accounted for by the Association as a revenue receipt. The grant-in-aid for recurring (revenue) expenditure for 1954-55 had been sanctioned during 1954-55 itself and all the payments on that account have already been completed without taking this receipt of Rs. 13,050/-. As such, even if the sanction for the grant-in-aid against non-recurring expenditure is held to be correct and 50% of this sum of Rs. 13,050/- is not held to be recoverable therefrom the figures of net recurring expenditure for 1954-55 already worked out would have to be reduced by this sum of Rs. 13,050/- (and hence the grant payable for the recurring expenditure by 50% of Rs. 13,050) and as the payments relating to the recurring expenditure for 1954-55 have already been made, this payment of Rs. 6,525/- would be recoverable from them. Early action may, therefore, be taken for the recovery of this overpayment.

Regulating the Grants-in-aid paid to the ATIRA with the Contribution by the Industry:—

6. The question whether the grant-in-aid paid from the Cotton Textiles Fund should not also be limited to the actual contribution by the Industry had been raised in the report for 1954-55 and no final reply has been given to the point and only interim replies have been furnished that the matter has been referred to the Govt.

From the files of the Cotton Textiles Fund Committee, it is, however, seen that the Govt. of India had ordered as early as in December 1956, that by the end of 1956-57 the grants-in-aid from the Govt. and the contributions from the industry for the period 1st April 1955 to 31st March 1957 should be equalised vide letter No. CI/7514, dated 5th December 1956 of the Ministry of Finance to

the Ministry of Commerce and Consumer Industries, copy forwarded to the Secretary, Cotton Textiles Fund Committee with D. O. No. 4/3CTB/53-Tex B., dated 13th December 1956 of Shri V. V. Nene of the Ministry of Commerce & Consumer Industries.

No action was, however, taken to do so. This is brought to notice. The progressive totals of the contributions of by the Industry and the grants by the Committee for the period from 1st April 1954 to date and the action taken to equalise them may kindly be furnished.

7. Non-Utilisation of the grant made to the Textiles and allied Institute Research Organisation, Baroda within the prescribed time:—

A sum of Rs. 5,000/- had been sanctioned to this organisation in January 1956, for conducting research work or development of textiles machines for (i) wear testing of Cotton healds and (ii) determining the life of pickers. On a point raised by audit Govt. fixed the 31st July 1957, as the last date by which the grant should be utilised.

A sum of Rs. 2,500/- had been paid to the organisation in March 1956, for item (i) which was taken up immediately and the published audited accounts of the organisation to the end of 31st December 1956 showed that an expenditure of Rs. 1,754/2/6 only had been incurred on the work and later as per a letter dated 16th February 1957, they reported that they have spent up to Rs. 2,183/9/9 and that for the expenditure to the tune of Rs. 700/- would be incurred on this account. There has been no further report on the figures of expenditure or about the completion of the work. The balance of Rs. 2,500/- against the sanctioned grant was paid in April 1957, to the organisation for taking up the second item of work and though in a letter dated 23rd August 1957 they had reported that they had developed the machine and were testing healds of different qualities and makes, they had not furnished any statement of accounts. The time limit within which the grants could be utilised (viz 31/7/57) has already expired but no action has been taken to obtain a statement of accounts up to that date and to have the unutilised balance refunded or to obtain the specific approval of the Govt. for extending the time limit. Immediate action in the matter is called for.

8. Cotton Textiles Export Promotion Council—

(a) The cash paid during the year of Rs. 2,89,326/3/- is made up of payments relating to the year of Rs. 4,16,696/9/7 and a recovery by short payment of the unutilised grant of Rs. 1,27,370/6/7 on 31st March 1956. According to the working of the final accounts of the council by the Committee's Secretariat the net amount due for the year comes to only Rs. 3,89,155/2/8 resulting in an unutilised balance of Rs. 27,541/6/11 and it is seen that this was not refunded by the Council either on 31st March 1957 or immediately thereafter. It may be added in this connection that in the past also on 31st March 1955 and 31st March 1956 the unutilised balances had not been refunded either on that date or immediately thereafter and the balance had to be recovered while making the payments of the grant-in-aid for the next financial year. Action may therefore be taken to recover the amount early and also to regularise the irregularity of the Council in not having refunded the unutilised balance in proper time by a sanction of the Govt. of India condoning the same.

(b) A reference is invited to the letter No. 7-EP(3)56/57/316, dated 21st April 1956 of the Chief Controller of Imports and Exports, New Delhi, to the Textile Commissioner with the copy to the Secretary, Cotton Textiles Fund Committee according to which the Govt. wanted a report on the activities of the council to be furnished to them to decide on the quantum of grant to be allowed in future. No information was available with the Committee's Secretariat if the Govt. have received and considered the report and if so what orders were passed on the matter. In the same letter it has been stated that it is the policy of Govt. to allow grants up to a maximum of 2/3rds of the expenditure for the export promotion council and that too for the initial period. It is not clear why a departure has been made in respect of the Cotton Textiles Fund Export Promotion Council to finance it in its entirety. Whatever might have been the reasons in the past, the desirability of limiting the grants to this council also to a maximum of 2/3rds may be examined.

9. General Points on Grants-in-aid:—

(a) Grant-in-aid for construction of staff quarters.

At its meeting held on 11th July 1957 the Finance Sub-Committee decided that even though each case would have to be examined on its own merits, the contribution

for staff quarters should be limited to 50% of the expenditure on the construction of the staff quarters which should not exceed the 10% of the Block Capital Account of the Institute and this has been accepted by the Main Committee at its meeting held on 27th July 1957. The progressive figures of capital expenditure up to 30th September 1956 of ATIRA on the basis of which a grant has already been paid for the period 1st April 1954 to 30th September 1956 for non-recurring expenditure are as under:—

	For the period 1-4-54 to 30-9-56	Progressive up to 30-9-56
Immovable Assets:	2045409.10.9 239840.15.3 30348.6.0	
	2315665.0.0	6578970.13.04
Movable Assets	158153.1.3 50268.12.9 16117.8.9	
	224539.6.9	939142.14.6
TOTAL	2540204.6.9	7516113.11.10
Building for the staff quarters:	95325.9.6	700874.9.3
Electrical fittings for the staff quarters:	9868.7.3	79661.0.9
	105194.0.9	780535 10.0

It will be seen that the progressive expenditure on staff quarters has exceeded 10% of the value of the total immovable assets as to the end of September 1956 and yet 50% of the expenditure thereon has been sanctioned. In this connection, it was explained that the word 'Block Assets' used in the resolution of the Finance Sub-Committee was intended to mean the total assets including the moveable assets. This is, however, contrary to the generally accepted definition of the term 'Block Assets'. It is also pointed in this connection that even taking into account the total of the immovable and moveable assets, progressive expenditure of staff quarter (including expenditure on electric fitting therefor) to end of September 1956 to exceed 10% of their value. As such a policy decision as to what are the assets that can be included under the term 'Block Assets' and whether the expenditure on electric fittings for staff quarters even can be added to the expenditure on the construction of the quarter is called for. Also in the case of ATIRA (whether the Association) which had considerable assets by 1st April 1954 from which date the payments of grants by the Cotton Textiles Fund Committee started, it should be already laid if this principle would apply to the expenditure incurred up to date from the beginning or only from 1st April 1954.

(b) The various grantees are now submitting only Income and Expenditure Accounts and Balance Sheets and not any Receipts and Payments Accounts. As such any liability incurred by them but not yet paid out by the end of the year would be shown as expenditure in the Income and Expenditure Account with the provision therefor shown in the Balance Sheet as an outstanding liability. The grants-in-aid are based on such Income and Expenditure Account and would, therefore, include some elements for outstanding liability received by the grantees in advance of their actual expenditure or requirements. Such liabilities may or may not be paid in full in the subsequent year or years. Further there is no firm commitment on the part of the Committee to continue to pay grants or pay them on the same scale for ever. As such the payments of grants-in-aid on the basis of the Income and Expenditure Accounts are likely to result in payments against item not subsequently paid out by the grantee or payments for the period (and or at rates) during which the committee decides not to make any grant or grants at the same rates. It is, therefore, suggested that the grantees be asked to submit both the Income and Expenditure Statement and a receipt and payment account together with a reconciliation therefor, so that it may be ensured that the grant-in-aid is made only for such items as have been really paid out during the year (of course excluding prepaid expenses if any).

An early decision in this point is called for.

10. Allowances paid to the Members for attending the Meetings:—

(a) According to the Cotton Textiles Fund Rules issued under Cotton Textiles Fund Ordinance, 1944, the vacancies

in the Committee have to be filled by the Central Govt. the Chairman, Vice-Chairman and other members holding office for such period as may be specified by Govt. and if any member is unable to attend any meeting of the Committee the Central Govt. can appoint a substitute member for that meeting. In addition to this Committee so constituted there is provision for the constitution of a Finance Sub-Committee for every financial year. It is, however, seen that other sub-committees viz., Technical Sub-Committee, Staff Selection Committee, Export Sub-Committee, etc., have been constituted. If these sub-committees were formed out of the members of the main committee and/or the Finance Sub-Committee alone there can be no serious objection to the same but it is seen that they also include others both Govt. servants and private parties. The creation of such sub-committees and their deliberations appear to be *ultra vires* of the ordinance and of the rules framed thereunder and therefore invalid. This is brought to notice.

(b) Further, in the case of the Export Sub-Committee even in the original resolution regarding the appointments to the Sub-Committee for 1956-57, the seventh and eighth names read as Shri R. E. Castell (or his nominee) respectively. Even in respect of the main Committee the rules provide that the Govt. should nominate the substitute whenever any member unable to attend any meeting, and constitution of this sub-committee providing for the member deputing any nominee of his appear to be beyond the powers of the Committee under the Ordinance and the Rules made thereunder. This may be examined in the consultation with the Govt.

(c) The members of the Sub Committee not holding offices in the Main Committee or the Finance Sub Committee and their have been paid travelling and halting allowances for attending the meetings of the Sub Committee. This is not correct for the triple reasons (i) the constitution of such Sub Committee is not provided for in the Ordinance or the Rules. (ii) the persons concerned not being members of the Main Committee or the Finance Sub Committee could not have been appointed for the purposes and (iii) Rule 13 providing for the payment of the travelling and halting allowances, cannot be held to apply to such members. A few instances illustrative and not exhaustive are given below. The T. A. paid in these cases are inadmissible and therefore, recoverable from the persons concerned. A review of all such payments made during the year under report may kindly be made and action taken either to recover the amounts irregularly drawn from the persons concerned or to regularise the payments by obtaining the special sanction of the Government.

(d) The Government of India have decided that the return concession fares allowed by the Railways should be taken advantage of by persons travelling on duty and even if they are not availed of (unless there are valid reasons for not availing of the concession) the claims for travelling allowances should be regulated taking the concessional fares into account. During the period under report, the railways had allowed fare concessions on certain occasions (e.g. Dussehra, Divali and Christmas).

Shri C. H. Desai who was not a member of the Cotton Textiles Fund Committee had performed a journey from Ahmedabad to Bombay and back between 19-8-56 and 23-8-56 for attending a meeting of the Export Sub Committee as the nominee of Shri Kasturbhai Lalbhai. During the period 15-7-56 to 15-9-56 the railways had allowed concessional return tickets at one and a half single journey fares for stations situated at a distance over 300 miles. As the distance from Ahmedabad to Bombay is 306 miles the amount admissible towards the train fare for that journey (if otherwise in order) would be only Rs. 40/14/- (Rs. $1\frac{1}{2} \times 27\frac{1}{4}$ /-) and not Rs. 54-8-0 (Rs. $2 \times 27\frac{1}{4}$ /-) as actually allowed, resulting in an overpayment of Rs. 13/10/-. Even if the drawal of the travelling allowance in this case is regularised under sub para (c) above, the overpayment of Rs. 13-10-0 will have to be recovered.

11. Stock of Plants and Machinery:—

Certain experiments had been conducted by the Defence Department in the Ordnance Factories in 1948-49 in connection with textiles at the instance of the original Cotton Textiles Fund Committee. They were, however, abandoned at a certain stage and all the available plant, machinery and equipment including spares were taken over by the Committee in 1948-49 after paying a sum of

Rs. 11,796 against the particulars of expenditure furnished by the Ordnance Factories as under:

1. Plant and Machinery parts 20 Nos. from the Ammunition Factory, Ambarnath	671 0 0
2. Spare parts from the Ishapore Factory ..	3,682 6 0
3. Machinery spares from Gun and Shell Factory, Co. Sipore	4,730 0 0
4. Value of spare parts manufactured and found broken and defective Ex-Ishapore Factory	1,236 15 0
5. Value of 12 spindles wasted in manufacture	1,476 5 0
	11,796 10 0

Against this payment, the Defence Department made over to the Committee all the plants, spare parts, etc., and they are lying with the Committee in packed cases since 1948-49. During the last eight years the cases were opened only once for verification and again repacked and every year the existence of the packed cases above is being verified during the periodical physical verification. The relevant file on the point was reported to be not readily traceable at the time of audit, and as such no information could be obtained on the scope of the original experiment and the purposes for which they were proposed to be utilised ultimately. Whatever, it may be, the machinery etc., have been lying idle for the last eight years and also likely to deteriorate or to become obsolescent with the afflux of time and there appears to be no strong justification for holding them in stock in packed cases indefinitely. The matter may, therefore, be examined early so as to either put them to suitable use or to dispose them off at the best obtainable rates so as to avoid a total loss.

12. Inspection of Woollen Textiles:—

(a) During the course of the year, the Committee have undertaken the inspection on behalf of the State Trading Corporation of certain woollen goods ordered by the Corporation from certain manufacturers in Jullundur and Jamnagar for being exported to Russia. As the expenditure of the Inspectorate of the Committee is met from the Fund which has been established for activities connected with the cotton textile industry, the question whether it would be proper for the inspectorate to undertake this inspection was examined in consultation with the Legal Adviser attached to the office of the Textile Commissioner, Bombay, and it was decided by the Finance Sub Committee at its meeting that this could be done provided that there was no extra cost to the Central Textile Cotton Fund Committee on this account and that it did not interfere with the normal inspection work of Cotton Textiles. Accordingly, a deposit of Rs. 5,000 was obtained from the State Trading Corporation and the inspection work commenced thereafter. The matter was not, however, brought to the notice of the Government of India until the Audit pointed out the need for this in April 1957. The *ex post facto* sanction of the Government of India for undertaking the work subject to the two conditions specified ante was obtained only, very recently i.e. on 5-11-1957.

According to the original letter of the State Trading Corporation they had given the quantity to be inspected as 250,000 yards and agreed to pay for services of the inspectorate the rates of half an anna per yard but added that the amount payable would be the actual expenditure incurred in carrying out the inspection and that it was presumed that the expenditure would not be more than half anna per yard. In reply, it had been stated by the Committee that their calculations confirmed that the cost of the inspection would not exceed half anna per yard provided the quantity offered for inspection was not reduced and the inspection staff were not detailed by the manufacturing units for long time due to delay in production that separate accounts of the expenses incurred in this behalf would be maintained and rendered to the corporation before adjusting the expenses against the deposit. No calculations were shown to audit and it is not known how the committee satisfied themselves that the cost of the inspection would not exceed half an anna per yard or what elements of cost were taken into account. The results of the inspection work carried out by the inspectorate however show that the representative of the consignees from Russia, did not accept any of the pieces passed by the inspecting staff and that further inspection of the material was abandoned. A sum of Rs. 2,413/5/- (including two tour advances of Rs. 300 each which had

not been adjusted) had been worked out as expended on this account upto 31-3-1957 and furnished the Corporation on 9-4-1957 for acceptance but the same had not been received upto the time of audit.

A review of the items amounting to the sum of Rs. 2,413/5/- showed that only the actual expenditure incurred on payment of travelling allowances (including daily allowances) to the officers and staff of the Inspectorate for the tours performed in connection with the inspection of the woollen goods and a sum of Rs. 29/11/- on account of portage had been taken into account. No element towards the pay and allowances of the persons concerned for the periods during which their services were not available for the regular work of the Committee or of the indirect expenses of liability for leave salary, contribution to provident fund for these persons or for any element towards contingencies work in the committees Inspectorate, Secretariat etc., had been taken into account. This was obviously incorrect since according to the legal advice referred to above, it would be illegal to meet any portion of the expenditure on the woollen textiles from the fund, and the non-inclusion of the essential elements of pay and allowances etc., in the total amount to be debited to the deposit account would, therefore, result in those charges being met from the Fund. It is, however, seen that in according their *ex post facto* sanction to the undertaking of this work, the Government of India have asked the committee to assess the Schedule of charges (i.e. basis and the rates) at which recovery should be made from the Corporation in consultation with the Audit Office and to submit the same for their approval.

Further development regarding the assessment of the basis and rate of the recovery of the obtaining of the approval of the Government to those basis and rates the preparation of a revised statement of expenditure debitable to the Deposit Account and the securing of the acceptance of the Corporation to the revised figures and the finalisation of the case are awaited.

(b) The expenditure of Rs. 2,413/5/- referred to above includes a sum of Rs. 372/8/- paid to Shri Gianchandani, Inspector for his tour to Amritsar from 22-12-56 to 14-1-57. After arriving at Amritsar on 24-12-56 he halted there for 4 days from 25-12-56 to 28-12-56. On 29-12-56, however, he left Amritsar for Delhi without any instruction to do so or prior permission. He reached Delhi on 30-12-56 and remained there upto 11-1-57 and left that place for Bombay on 12-1-57. The reasons given by him for his leaving Amritsar and staying at Delhi were that he had no work at Amritsar and the place was costly. He has, however, been paid daily allowances for the period of his stay at Delhi. The following points need consideration in this connection:

- (i) whether there was a regular call for the deputation of the Inspector from the Manufacturer and if he had indicated the quantity to be offered and if not how the tour was sanctioned at all;
- (ii) if the party had specifically called for the Inspector but could not offer acceptable stores, whether the desirability of recovering the expenditure on the tour from the manufacturer was considered and if so, with what results; and
- (iii) why daily allowance was paid at all for the halt at Delhi from 31-12-56 to 11-1-57 as it was not in the interest of either the State Trading Corporation or the Committee and the Inspector had gone over there without permission for his own convenience.

These may be clarified.

Major and important points and irregularities only have been mentioned here and other points have been included in a separate Audit Note (Part II) appended.

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